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TAX PROGRAM LAGS; EVADERS NUMEROUS

GOVERNMENT FAILS TO ENFORCE TAX PROGRAM -- Hong Kong Kung-shang Jih-pao,  
12 Jun 50

Canton, 11 June -- Taxes levied on industries and commercial firms were not paid by the businessmen on 10 June 1950 which was the due date and the government did not enforce the payment of the taxes on the date. Heavy taxes have forced many owners to discontinue their businesses and to leave the city.

Although the government has found it very difficult to enforce the tax program, it has announced that firms which have not received notices as to their tax quotas must register with the government on or before 15 June 1950. It was also announced that the taxes will be reduced from the former estimated total of 80 million catties to 60,723,260 catties but the extended deadline date for the payment of taxes has not been announced.

DAIREN REVISES TAX ASSESSMENT METHOD -- Mukden Tung-pei Jih-pao, 3 May 50

Dairen -- Hereafter in Dairen, business taxes to be paid by state-owned and operated enterprises are to be determined on the basis of a systematic inspection of a company's accounts by the Tax Bureau's inspectors, and collected semi-annually. This method replaces the one hitherto in force whereby the Tax Bureau accepted the figure submitted by the officers of a company based on its plans and estimates for the year. Experience showed that this method was unsatisfactory from the point of view of revenue production because it permitted too many loopholes for evasion of payment of the proper amount of taxes.

UNCOVERS TAX EVADERS, FALSE BOOKKEEPING -- Peiping Jen-min Jih-pao, 30 Mar 50

In recent months many cases of false bookkeeping and tax evasion have been reported by the Peiping Tax Bureau. The No 2 Office of the Tax Bureau recently exposed three such business firms. One was the Te-i-kung Grain Store which used false stamps to evade the payment of business and stamp taxes. From

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## CONCLUSIONS

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September 1949 to the present, this firm evaded payment of some 329,000 yuan in business taxes, 77,000 yuan in sales taxes, and 370,000 yuan in stamp taxes. The firm also utilized a watermark with an assumed name, "Peiping Te-chi Rice Store," to purchase foodstuff.

Another firm, the Ta-ch'ang Flour Mill, sold a large amount of goods without recording the transaction to avoid payment of 981,000 yuan in business taxes, 100,000 yuan in stamp taxes, and 220,000 yuan in sales taxes. The third firm, the Ting-li-yuan, sold gold and silver secretly under the pretext of making vinegar. It also maintained a small-scale banking business. From February 1949 to the present, the same firm sold more than 1,800 yuan of silver and 21 ounces of gold.

In addition to meting out punishments to the above three firms, the No 2 Office ordered them to make good their back taxes. The office also held a mass "criticism and self-criticism meeting" of businessmen. After hearing of the incidents, many businessmen were greatly infuriated. Mao Chen-hsi, manager of the T'ung-ho-chu said: "Evasion of tax payment or keeping false books to reduce the payment of taxes is a violation of the law and will bring havoc to the financial and economic policy of the government. It is a bad practice and is detrimental to the people's interest." Liu Chien, manager of the Lung-hsing, remarked: "If one firm evades tax payments, all the rest must suffer. Such practices blacken the name of our honorable profession. We must oppose profiteers and elements who act against the people's interest." After these criticisms, the meeting proceeded to self-criticism. Chang-Tsung-yao, manager of the Te-i-kung apologized: "I regret deeply what I have done. I will try my best to reform myself. I hope all of you will not do what I have done."

Besides the above three firms, the No 3 Office continued to uncover many cases of false bookkeeping. One firm paid only 7 percent of the industrial and business tax due for the first half of 1949. The tax bureau investigators also found, hidden between walls, such taxable items as fountain pens, cosmetics, and bolts of cloth the taxes on which amounted to 5 million yuan. The same firm also evaded payment of 80,000 yuan in stamp taxes.

Other such cases are continually being uncovered. In all cases the guilty firms are required to pay up the back taxes. The tax bureau is requesting all business firms to be fair, honest, and rational in meeting their tax obligations.

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